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The Arab World's Uncomfortable Experience with Globalization

Review Article by Robert Looney

Globalization and the Gulf, by John Fox, Nada Mourtada-Sabbah, and Mohammed al-Mutawa. London, UK: Routledge, 2006. 287 pages. Index to p. 298. \$35.95.

Islam and the Moral Economy: The Challenge of Capitalism, by Charles Tripp. Cambridge, UK and New York: Cambridge University Press, 2006. ix + 201 pages. Bibl. to p. 224. Index to p. 229. \$75 cloth; \$27.99 paper.

The Threat of Globalization to Arab Islamic Culture, by Mohamed El-Shibiny. Pittsburgh, PA: Dorrance Publishing Co., 2005. xi + 113 pages. Notes to p. 117. Bibl. to p. 119. \$15 paper.

The globalized world faces two contradictory trends. While a globalized market opens the prospects of unimagined wealth, it also creates new vulnerabilities to political turmoil, the danger of increased income inequalities, and cultural change. As might be expected, the acceleration of globalization beginning in the 1990s stimulated a flurry of studies on its causes and effects by academics and activists alike. Most notably, Joseph Stiglitz's *Globalization and Its Discontents* (W.W. Norton, 2003) and Dani Rodrik's *Has Globalization Gone too Far?* (Institute for International Economics, 1997) combines with populist works such as Naomi Klein's *No Logo* (Picador, 2002) to highlight the problems and shortcomings of neoliberal globalization. It was inevitable that these criticisms would attract a response from its defenders. Two of the most credible efforts to date at redefining the benefits of globalization are *Why Globalization Works* (Yale University Press, 2004), by the financial journalist Martin Wolf, and *In Defense of Globalization* (Oxford University Press, 2005) by the economist Jagdish Bhagwati. Countless other studies have joined the fray to debate the pros and cons of globalization.

Globalization has also spawned a rash of books and articles focused on its impact in the Middle East/North Africa region. Following Clement Henry and Robert Springborg's path-breaking *Globalization and the Politics of Development in the Middle East* (Cambridge University Press, 2001), the current wave includes the three books under review. While each addresses the challenges brought on by globalization, few generalizations are possible. Clearly "globalization" is a meaningful albeit ill-defined concept that connotes different things to different people. In this sense, these new contributions reflect the diverse literature on globalization.

In the West, globalization is largely viewed in economic terms — the free movement of goods, services, labor, and capital across borders. Although it does not constitute a new phenomenon, globalization is often seen as the inexorable integration of markets, nations, and technologies to an unprecedented degree. In the Middle East and North Africa (MENA) region, however, globalization has often been discussed in largely ideological terms. It has been promoted by a few, such as King 'Abdullah of Jordan, but more often attacked as a new version of imperialism. Critics have pointed to a number of related dangers, all of which they see as part of a real or potential threat to their political, economic, and cultural independence. One thing is fairly certain, regardless of how one measures it: The MENA

region as a whole remains one of the least globalized regions in the world.

The exception is the Gulf states, where globalization is proceeding at a break-neck speed. No part of the world has come into the global market more rapidly and with more change in material abundance than the oil states along the Arabian Gulf. Within two generations, the peoples of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman have turned small desert towns and seaports into urbanized states. The now overwhelmingly ultramodern Gulf societies have grown exponentially. Based on the rapid and designed development, all of which has been achieved since the advent of globalization during the 1970s, the Arabian Gulf provides the laboratory *par excellence* to assess and fine tune the theories of globalization.

Globalization and the Gulf describes and explains the unique manner in which the strategically situated societies along the Arabian Gulf have embraced the forces of globalization. In contrast to most developing countries, they have become integrated into the world economic system largely on their own terms. The social sciences almost universally note that economic change impacts and somewhat shapes social organization and ideology. However, many examples Fox et al. provide for the Gulf states demonstrate the opposite, namely that social organizations and ideology build the economy. As several authors demonstrate, a good deal of the region's ideology and social organization is intact, albeit under constant pressure, but the economy has changed considerably. This "traditional globalization" turns many of the development models upside down.

To further demonstrate the uniqueness of the Gulf state globalization process, the book's 16 leading experts: (1) characterize how the Gulf states market themselves as postmodern and thus attractive to visit and invest in; (2) argue that the accepted explanatory models of the social sciences do not adequately account for globalization in the Gulf; (3) identify the salient features of globalization which converged during the 1970s; (4) sketch the traditional Gulf social organization prior to the profound cultural infusion of new peoples, ideas, and technologies; and (5) show how traditional society directs aspects of globalization in the region. The chapters are sequenced to show how the region's time-honored institutions perform new functions in a multi-layered synthesis of local and global.

While all of the Gulf states have large foreign populations, the authors show how much of the traditional social structure persists to direct the changes and serves to filter what is acceptable — a process of *de facto* indigenous conservatism with which to face the continually incoming forces of globalization. Unlike cosmopolitan settings elsewhere, market forces do not drive and sculpt cultural norms, although they do impact them.

The manner in which this process occurs is the theme that ties together the very diverse set of individual chapters, which address a wide range of questions: (1) To what extent will the traditional Gulf society embrace the forces of a world market that, in an age of globalization brings along an unhindered flow of ideas, capital, and people?; (2) Will the Gulf states find advantages in forming a stronger economic bloc — one that would be more culturally homogeneous than the European Union) and that would thereby be better equipped to countervail foreign economic and political forces on their own terms?; (3) To what extent can an effective union of the GCC countries proceed with a minimum of economic diversification, since many of the economies are based on oil and gas extraction, and what is currently being done to diversify the economies?; (4) Will the current expressions of traditionalism ultimately unfold in, or reveal an inevitable transition to a full-blown global lifestyle, since global capital is thought by some to more strongly determine the course of social form?; (5) Will traditional cosmology eventually be replaced with a more individual-focused one, like that found in many urban settings across the world?; (6) Will the extended family and wider community continue to mitigate the forces of globalization and will the values of individualism, personal achievement, and success come to dominate?; (7) Will the traditional system, based largely on kinship or the system of non-Gulf Arab workers, transform into a merit-based system more consistent with the exigencies of capitalism?; (8) Will the remaining gender divide continue to be mitigated so as to eventually dissipate?;

and (9) In response to such considerations as those in the third Arab Human Development Report, will the states enhance the essential freedoms that strengthen the flow of idea creation within an information economy, which will become more important as the oil/gas sector diminishes in Dubai, Bahrain, and Oman?

Clearly, this study is a major contribution to our understanding of this unique region of the world where globalization proceeds under rules somewhat different from the motivations implicit in the West. The wealth of information on the GCC countries alone makes this an invaluable volume for serious observers of these dynamic economies.

The Gulf states' successful adaptation to global capitalism may be the exception in the Arab world. After all, these countries do have the resources (oil and gas) to thrive in a modern capitalistic environment by using their hydrocarbon-based wealth to buffer their citizens against capitalism's ethically distasteful aspects. In Arab countries not poised to benefit significantly from the global system, capitalism's excesses and ethical shortcomings have become much more of an issue. The writings and accounts of Muslim intellectuals have done much to illuminate, for instance, Islamic jurists' writings on aspects of commercial life, financial institutions, and the relations of production and markets underpinning a capitalist economy. There are also many original contributions to the study of the encounter between Islamic traditions of thought and those of a predominantly Western European modernity.

Surprisingly, despite the importance of the topic, little has been published concerning the specifically Islamic responses to capitalism as a social and economic phenomenon. Charles Tripp's *Islam and the Moral Economy: The Challenges of Capitalism* fills this significant gap in the literature. In one sense, it is a lively and well thought out survey of what dozens of major Muslim thinkers have thought about capitalism. As such, the value of the book lies less in its contribution to the literature on any particular individual than in its gathering together in one place a wealth of information on the great Muslim thinkers, often inaccessible to the average Westerner.

Tripp shows how, when faced by the challenge of capitalism, these intellectuals have devised a range of strategies which have enabled Muslims to remain true to their faith, while engaging effectively with a world not of their own making. The work is framed around the development of their ideas on Islamic socialism, economics, and the rationale for Islamic banking. While there are those who have resorted to confrontation or insularity to cope with the challenges of modernity, most have aspired to innovation and ingenuity in the search for compromise in interaction with global capitalism of the 21st century.

The book's main strength is to explain why different responses can be justified with reference to a repertoire of identifiable Islamic beliefs. Specifically, it explains (to those in the West) why Muslims often appear to be acting in contradictory ways when faced with pressures stemming from global capitalism.

To set the background, Tripp examines two distinctive phases of European imperialism in the Middle East, North Africa, and Asia: first as intrusive power, bringing into local worlds the material and imaginative forms that made European imperialism such a formidable global force in the 18th and 19th centuries; and later as a retreating power, leaving behind states based on colonial creations, now tied to a global economic system reflecting the values and interests of the departing imperial states and not the local populations.

Much of the writing associated with Islamic scholars in the 1940s and 1950s assigned a decisive role to the state. It was the state that would both defend society against the depredations of capitalism and lay the foundation for its Islamic reassertion. Often this took the form of socialism. Unfortunately, the record of state direction of the national economy in much of the Arab Islamic world is not a happy one. By the early 1970s, it was clear that only in oil-producing countries could the immense revenue flow sustain the kind of welfare state promised by state ownership of the means of production. The dominant pattern of state control of the economy had led to a fall in productivity, underemployment, and an inability to boost either the volume or the terms of trade with the rest of the world. The vision of a just and effective alternative to capitalism, whether presented as secular or Islamic social-

ism, proved to be unrealistic.

The core of Tripp's study is an examination of the ways in which Muslim intellectuals have sought to meet the challenge of capitalism, beyond the earlier efforts to construct an Islamic socialism. The first involves the attempt to devise an "Islamic Economics" as a strategy that would transform and strengthen the power of Islamic societies while preserving a distinctively Islamic identity. Acknowledging the economic superiority of capitalism, many of these writers tried to devise regulations to insure that all economic transactions would be tied to an Islamic ethical system within the capitalist framework and material efficiency. A constant theme, therefore, is the effort to prevent economic transactions from unleashing a force in human nature which the Islamic revelation was designed to keep in check, partially through "excavating" the *fiqh* (Islamic jurisprudence) for rules on trade, finance, taxation, property, *riba* (interest), and all related economic transactions.

The second response to the challenge of capitalism, evident simultaneously in the last decades of the 20th century, has taken the more practical form of trying to apply some of the principles governing distinctive Islamic economic transactions through the growing practice of Islamic banking. In both areas — the theoretical and the practical — there is an impulse to distinguish an Islamic sphere of transactions from a capitalist sphere. Both areas have provided examples of the ways in which Muslim intellectuals have delineated for Muslims various forms of effective engagement with a world shaped by a particular capitalist modernity while adhering to the spirit and even the letter of the *Shari'a*.

The main lessons drawn by Tripp are not particularly encouraging for those wishing for a pure Islamic alternative that could easily coexist with global capitalism. State sponsored attempts to introduce "Islamic socialism" have in practice had to deal with the logic of a state that was secular in intent and constitution, seemingly owing little to anything distinctly Islamic. Equally, the attempt to engage with capitalism through the establishment of Islamic banks has not been completely satisfactory. Tripp writes: "Although in technical conformity with the *shari'ah* these institutions have done little to promote a distinctively Islamic ethos in contradistinction to the imperatives of capitalism. On the contrary they had become part of the institutional and imaginative structures of global capital as new commodities were devised for new markets, driven by a general and urgent desire for profit" (p. 150).

A similar debate rages over the perceived threat of cultural globalization. Unfortunately, much of the available literature on the subject is little more than conspiracy theory (anti-globalization) or wishful thinking (pro-globalization). While a complete spectrum of views can be found in the professional literature, several powerful scenarios have tended to dominate. In by far the most popular view, globalization forces cultural homogenization (Benjamin Barber, *Jihad vs. McWorld*, Random House, 1996). In this scenario, culturally distinct societies are being overrun by globally available goods, media, ideas, and institutions. In a world where people across continents eat Big Macs, watch CNN and American films, and work on their IBM computers, local cultures are said to be endangered. As these commodities and ideas are of mostly Western origin, globalization is perceived as Westernization in disguise.

Serious writers on the globalization of culture offer opposing ideological speculations. The "left" fears the ascendance of US hegemony, a worldwide consumer culture, and the destruction of cultures; the "right" sees a "clash of civilizations." As one might imagine, Arab thinkers have engaged this issue, grappling for answers to questions such as:

- Do Arabs have to abandon their traditions, relinquish their social values, and renounce their norms and beliefs in order to take part in cultural globalization?
- Are cultural globalization and Westernization essentially and irrevocably linked so that Arabs will have to explicitly accept Western culture to join cultural globalization?

- Should Muslims commit themselves to Western values of democracy, secularization, human rights, free market economy, and a social way of life in order to be active members in cultural globalization?
- Does cultural globalization lead to hegemony and domination of first-world cultures over third-world cultures?
- Does Islam as a faith conflict with Western civilization?
- Is the concept of cultural globalization built upon diversity and a multicultural model or upon a singular universal culture?
- Can Muslim culture retain its autonomy and preserve its identity in the face of overwhelming Western influence over cultural globalization?

On these issues, Arab intellectuals generally stake out one of three main positions. The first position is represented by those who embrace Western culture and accept cultural globalization unconditionally. The second perceives cultural globalization as a danger to Arab culture and Islamic tradition and hence advocates total severance from cultural globalization. The third seeks a compromise between cultural globalization and Arab identity, looking for partnership between global cultures without the risk of sacrificing Islamic heritage, tradition, and values.

Mohamed El-Shibiny's excellent study, *The Threat of Globalization to Arab Islamic Culture*, assesses the nature of the struggle between Arab Islamic identity and cultural globalization, a concept he finds "Western in orientation, and heavily promoted by Western ideology makers and politicians as being the New World Order." Clearly, El-Shibiny is sympathetic to the view that stresses the predatory nature of Western-driven cultural globalization. However, while weary of cultural globalization's threat, he explores the wisdom and feasibility of the compromise position.

Probably the hardest task he faces is establishing the basic foundation of a dialogue, or negotiating area to determine the values or aspects of Arab culture that are fundamental and unchangeable, and those that are open to evolution and modernization. Once this is done, El-Shibiny arrives at the thoughtful conclusion that it is not in the Arabs' best interest to close the doors to cultural globalization. In an age of rapid progression in modern science, technology, and information, there need to be open avenues for cultural exchange and dialogue. El-Shibiny writes: "Only then will we be able to synthesize our Arab Islamic heritage with modernization and be able to choose what suits our traditions, heritage, and values and reject what comes into conflict with them" (p. xi).

Globalization, be it cultural, economic, or capitalistic is inevitable. One can only hope that this outstanding book will be, as the other two reviewed here, the springboard for a constructive dialogue throughout the Arab world on the threats and opportunities it poses.

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